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CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

COUNTRY USSR

SUBJECT Illicit Platinum Mining

DATE DISTR. 13 Jan 1954

NO. OF PAGES 2

NO. OF ENCLS.

SUPP. TO
REPORT NO.

50X1-HUM

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THIS IS UNEVALUATED INFORMATION

1. In 1927 the Soviet first five year plan was about to be put into execution. Among other goals the plan called for an increased output of platinum and in order to meet this goal the Soviet authorities decreed that one of the dredges that they had purchased [redacted] had to be operating by a certain date, 12 Oct 27. [redacted] The Soviet engineers were having some trouble erecting the dredge [redacted] succeeded in getting the dredge into operation four or five days before the deadline. The site chosen for the workings was a riverbed [redacted] about 125 km from Sverdlovsk. As soon as the dredge was operable the Soviet engineers insisted on working straight down the river channel disregarding the rich ore-bearing benches on either side. [redacted] this was extremely bad mining practice but the Soviet engineers were only concerned in getting the maximum production in the shortest period of time and were indifferent to the long-term results.
2. The benches were being worked by the local peasantry under government license. The farming season is short in the Urals and the peasants engaged in mining during the off season. They worked in small groups of five, seven or nine and the kulak [redacted] Soviet mining regulations at that time permitted private placer mining by hand methods under government license but required all platinum recovered to be sold to the government. The private operator having selected a claim made application to the authorities for a permit to work it. In his application the operator was required to state the values disclosed by sampling. Before a permit was

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issued a government inspector checked the values reported in the application. When the application had been issued and the operator had installed his sluice and sluice box the government inspector again called and sealed the sluice box so that it could not be opened without breaking the seal. Then at intervals the sluice box would be opened by the inspector and the platinum which had been recovered would be turned over to the authorities at the legal price.

3. The Russian peasant, despite his reputation as ignorant and stupid, is in fact an extremely shrewd person. To circumvent the mining regulations, the peasant applicant for a permit would always understate by at least one-half the values shown on sampling. How the applicant prevented the government inspector from discovering this [redacted] not know but apparently he had means of doing so. After his official equipment was in and the sluice box was sealed, the operator would add a second illicit sluice box below the official one. When he calculated that the official box contained sufficient platinum to meet his understated values, he would proceed to flood through the official box and make his recovery in the lower unofficial box. The operators were expert enough to calculate accurately the metal recovery in the official box. [redacted] the illicit recovery ran to 50% or 60% of the whole. [redacted] there was US\$20 thousand worth of platinum concealed in the house [redacted]
4. To sell the illicit platinum [redacted] made annual trips to Vladivostok, ostensibly for a holiday, in midwinter. [redacted] There was considerable shipping out of Vladivostok at that time and the problem should not have been difficult.

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